

Montana Transportation Commission

October 3, 2005– Telephone meeting

Please note: an audio recording of the meeting is available from the transportation commission secretary at (406) 444-7200 or ldemont@mt.gov. Alternative accessible formats of this document will be provided upon request.

For additional information, please call (406) 444-7200 or visit the commission's web site at http://www.mdt.state.mt.us/trans_comm/. The TTY number is (406) 444-7696 or 1-800-335-7592.

Note: => indicates follow-up is needed.

The Montana Transportation Commission met via conference call on October 3, 2005

The meeting was called to order by Chairman Kennedy at 10:10 am with the following participants:

Bill Kennedy, Transportation Commission Chair (District 5)
Nancy Espy, Transportation Commission Vice Chair (District 4)
Kevin Howlett, District 1 Transportation Commissioner
Deb Kottel, District 3 Transportation Commissioner
Jim Lynch, MDT Director
Jim Currie, MDT Deputy Director
Mark Wissinger, MDT Construction Engineer
Jim Walther, Preconstruction Engineer
Lorelle Demont, Commission Secretary

It was explained to the commission that Chief Engineer Loran Frazier is in Kalispell at a necessity hearing and that Wissinger and Walther would be representing him today.

Agenda item 1: Award projects from September 22, 2005 letting

Mark Wissinger reviewed staff recommendations for the following eight projects:

- Project 1, **Vicinity White Coyote Rd-S Ravalli**, has an extended advertisement period and bids will be opened this winter. This is the first month of the advertisement period. No action needed on this project.
- Project 2, **Columbus – South** (Project STPP 78-2(10)37)

Three bids were tendered. There were no errors or omissions in the low bid which was 5.45 percent over our engineers' estimate.

Staff recommends the contract be awarded to Wickens Construction Inc in the amount of \$14,275,836.12.
- Project 3, **Weeksville – West** (Project STPP 6-1(76)65)

Three bids were tendered. There were no errors or omissions in the low bid which was 9.04 percent over our engineers' estimate.

Staff recommends the contract be awarded to Schellinger Construction Co Inc in the amount of \$5,387,493.87.
- Project 4, **Broadway Pedestrian Xing-Missoula** (Project CM 8128(1))

Two bids were tendered. There were no errors or omissions in the low bid which was 33.14 percent over our engineers' estimate. It appears we had low estimates on traffic control and electrical items. There is a high traffic volume in this location: about 30,000 vehicles per day. We doubt we could engender more competition by going out to rebid. Also, this is a project that very much needs to be built.

Staff recommends the contract be awarded to Montana Materials Inc (DBA) L S Jensen Construction in the amount of \$367,778.00.
- Project 5, **2000-Slope Flattening-10 km W of Kalispell** (Project STPHS 1-2(132)113)

Three bids were tendered. There were no errors or omissions in the low bid which was 24.47 percent over our engineers' estimate.

Staff recommends the contract be awarded to H L Construction in the amount of \$99,989.78.

- Project 6, **L & C Interpretive Site – Sula** (Project SFCN 7-1(104)12)

Three bids were tendered. There were no errors or omissions in the low bid which was 25.75 percent under our engineers' estimate. The company's gravel yard is located immediately adjacent to the project, which allowed them to bid low on mobilization.

Staff recommends the contract be awarded to Rocky Mountain Aggregate LLC in the amount of \$23,524.44.

Commissioner Howlett moved to accept staff recommendations to award projects two through six (five projects in all); Commissioner Kottel seconded the motion. All four commissioners voted aye.

Agenda item 2: Approve revised letting lists for November 2005

Jim Walther said we were conservative on our lettings while we were waiting for the new federal transportation bill. Now that the bill has passed, we looked at the lettings and recommend moving some of the projects up. In particular, there are eight projects that are part of our 2006 pavement preservation program. Normally we would let those in December, January or February. November is an appropriate time to let those, and since the November letting was small, we moved some projects around to "spread the wealth".

The first four projects are *Somers-South*, *Devon E&W*, *Malta-Northeast*, and *Northeast of Billings-Northeast*. Then, we propose to move the following four projects from the December letting to the November letting: *Rudyard-South*, *Rudyard-Gilford*, *Circle-Southeast*, and *Jct MT 200S-Northeast*. This will bring the November letting to approximately \$15 million.

Commissioner Kottel asked if some of our transportation funding might be siphoned off to help New Orleans. Lynch confirmed there is such a move afoot; it is a possibility, and if it happens, we will likely have to stop projects.

Commissioner Kottel asked if there is a decrease in consumer spending on gas if we will have difficulties coming up with our state match. Lynch said we have not seen a problem in the reports available to us. => Chairman Kennedy said we should put this on our November 1 agenda, along with the idea that's been presented about eliminating the gas tax. Commissioner Espy decried the gas tax reduction idea and offered to make phone calls and write letters if need be.

Commissioner Espy moved to accept staff recommendations to add the eight projects to the already approved November letting list; Commissioner Howlett seconded the motion. All four commissioners voted aye.

Public comment

Chairman Kennedy asked if there was any public comment. There was none.

Gas tax

Lynch said the time to act is now. Rather than waiting until the November 1 meeting, time was added to the conference call in order for Lynch to explain some details about the gas tax reduction proposal and how it would impact Montana.

Lynch said there are two main issues.

- First, Congressman Rehberg suggested legislation to temporarily suspend the 18.44-cent federal excise tax on gasoline. Although he has said that it would only be for one month, his proposal is actually indefinite.
- The second issue is that Representative Roy Brown of Billings has asked the Governor to call a special legislative session in order to repeal the state gas tax indefinitely. The Governor is not in support of this proposal and has spoken out against it quite strongly.

Let me explain how this would affect Montana. Giving up 18 cents doesn't sound like a lot, but that 18 cents actually equates to \$2.20 in federal entitlements back to Montana. Compared to other states, where giving up 18 cents means they lose 89 cents back, we give up a lot if we don't receive this gas tax.

Giving up 27 cents per gallon (state fuel tax) has a lot of statutory implications. We have an obligation to provide the cities and counties part of the money (about \$16 million). We fund the Highway Patrol to the tune of about \$25 million per annum. We also those funds toward our own pavement preservation and maintenance work to pick up dead animals and do winter maintenance. If we don't receive this money, we simply won't have a construction program. That's the bottom line.

We ran a table to project dollar amounts. At the end of fiscal year 2006, we would be \$53 million in the hole. At the end of fiscal year 2007, going into the next legislative session, we would be \$257 million in the hole.

One of the ideas that's been promulgated is using the state's budget surplus. That \$260 million, which is generally from income tax and not from fuel tax, still has to cover K-12 and another half a fiscal year. We don't know how much of the surplus will be left after those expenses.

If we end up \$257 million in the hole, we would never recover by reinstating the gas tax. The gas tax would have to be reinstated and *then* some. In addition, we would have destroyed one of the largest industries in the state. The construction industry pays taxes and also provides high-paying jobs.

This idea is playing to the fear of the public, and their desire to see an immediate savings of 40-some cents at the pump. Past practices of the oil industry and the fact that their pricing scheme is market driven, means that even with a gas tax reduction, the public may not see a reduction in price at the pumps. We would then gain absolutely nothing.

=> Lynch will send a letter to the commission about this subject. He said he would take Nancy up on her offer to make phone calls and encouraged the other commissioners to do the same. Chairman Kennedy said the commission could take further action as needed at the next board meeting.

Commissioner Howlett said he understood that everyone would like to get some relief at the pump. He was concerned that the public didn't have the necessary information in order to have an informed opinion on the issue.

Lynch said the Governor has been active on this, and strong in presenting his opinions. Lynch said he was disappointed that the construction industry hadn't been more vociferous in opposing the proposal.

=> Lynch will prepare a letter for Chairman Kennedy to send to the all the county commissioners statewide.

Commissioner Espy said this is an economic situation that could turn into a disaster.

The call concluded at 10:45 am.

Bill Kennedy, Chairman
Montana Transportation Commission

Jim Lynch, Director
Montana Department of Transportation

Lorelle Demont, Secretary
Montana Transportation Commission